

BIPARTISAN CONGRESSIONAL MEETING

January 5, 1959
9:00 A.M. - 11:40 A.M.

The following were present:

President Eisenhower

Vice President Nixon

Sen. Fulbright
Sen. Green
Sen. Hayden
Sen. Henninge
Sen. Johnson
Sen. Mansfield
Sen. Russell

Rep. Albert
Rep. Cannon
Rep. McCormack
Rep. Morgan
Rep. Rayburn
Rep. Vinson

Sec. Dulles
Sec. Hertler
Deputy Under Sec. Dillon
Asst. Sec. Macomber
Philander P. Claxton *Jack Bell *Dempster McIntosh

Sec. McElroy
Deputy Sec. Quarles
Asst. Sec. Irwin
Director Holiday
Gen. Twining
Gen. Hauck
Max Lehrer *

Leonard Saccio, ICA
Director Allen, USIA
Dr. Glennan, NASA

Sen. Bridges
Sen. Dirksen
Sen. Hickenlooper
Sen. Saltonstall
Sen. Wiley

Rep. Allen
Rep. Arends
Rep. Bolton
Rep. Chipperfield
Rep. Halleck
Rep. Martin
Rep. Taber

Gen. Persons
Mr. Hagerty
Dr. Killian
Gen. Goodpaster
Mr. Harlow
Gov. Hoegh
Mr. Stans
Major Eisenhower
Mr. Minnich

(* - present to handle charts)

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President's Introduction - The President opened by welcoming the visiting Senators and Congressmen to this annual meeting. He outlined the subjects which would be covered and the people who would cover them.

As a keynote to the meeting, the President emphasized that for the last five or six years the Administration has pursued a continuing program with which the legislators are familiar. This program, of a bipartisan nature, has essentially followed that of the previous Administration, even considering the opportunity at the end of the Korean War for a re-evaluation of our foreign and defense policies. The President stated that there is no point in going back to the beginning of our policies in this discussion; therefore this discussion is designed to concentrate on developments of the current year.

The President then pointed out that during the budget season we tend to become dollar conscious and to measure all things in monetary terms. He emphasized, however, that for his part he had spent many concentrated weeks studying our security programs to insure that, although they had been carefully screened to eliminate all identifiable duplications and excesses, they had not been drawn on a dollar basis, but are, rather, tailored to security requirements. He emphasized the necessity for attaining a posture with regard to security that the United States can continue to maintain over a period of time.

The President then expressed his appreciation for the Leaders' staunch support during recent crises in the Middle East and the Far East and stated that he was confident that such bipartisan cooperation would continue. He then introduced Sec. Dulles whose subject was the world situation.

The World Situation - Sec. Dulles continued the presentation with the recognition that the legislative leaders are familiar with the broad outlines of Administration foreign policy. In assessing the events of this last year, he observed that the most significant pattern at present is the great growth factor in Communist countries. In a state characterized by despotism, secret police, and ruled labor, there are possibilities of economic growth which we do not possess in a free society. While this situation continues to prevail in Communist countries we may expect a rate of growth in heavy industry, in armaments, and in other fields which are not possible to us.

The Secretary then defined "capital growth" as the difference between production and consumption. This capital growth is great in Communist countries; and it has brought about a feeling of exuberance among them. This growth factor cannot be affected by us from the outside, short of

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an action such as preventive war, which is unthinkable. We are therefore capable only of preventing this Communist system from prevailing over the rest of the world, pending a change. There have been encouraging signs in this direction during the past year.

The Secretary cited as our first requirement a capacity and a will to resist Communist encroachment wherever in the world it threatens. He cited during the past year three episodes, one of which is still prevailing, which test this essential will and capacity, namely, the Middle East operations in which the United States sent troops to Lebanon and aid to the British in Jordan; the Far East situation, in the Taiwan Straits; and the current Berlin situation.

Sec. Dulles stated that he recognizes the existence of differences of opinion concerning the wisdom of the exact courses of action followed in the Middle East and Far East; but he pointed out that our capacity and will to resist Communist encroachment were demonstrated by these actions.

The Secretary went on to voice his opinion that peoples of the Middle East and Far East are beginning to show fear of Communist encroachment. There is more concern over possible Sino-Soviet economic domination among neutralists than ever before, the awakening being most evident in India, Burma, Indonesia and the UAR.

Turning to Berlin, the Secretary expressed the opinion that the situation there may be the most difficult of the three, since in this instance the Soviets can make our position untenable without shooting first, that is, by mere interdiction of access routes. In the recent NATO meeting at Paris, the Secretary observed a firm resolve on the part of all not to be driven out of Berlin, and a realization that if such should occur it would be the beginning, if not the end, of a series of disasters. We have offered to discuss the Berlin question with the Soviets in a larger context; however, their response is in doubt. The Secretary reiterated that this is a difficult situation from a technical viewpoint.

Mr. Dulles then observed that Mr. Mikoyan is in the United States and that he would see him in a few minutes -- and that the legislative leaders would probably see Mikoyan also. Mikoyan, in his view, is here to "spy us out" and to learn whether we are strong and unified. In this context, all those who see Mikoyan should indicate that the United States desires peace, but not peace at any price; bipartisan unity is of great importance in our dealing with this high Soviet official.

In conclusion, the Secretary expressed the view that time is working for us if we use this time correctly. The economic growth factor, the reason for Communist exuberance, cannot be perpetuated. To support his point, the Secretary quoted Winston Churchill in his second volume



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of History of The English Speaking Peoples, which stated that a servile population is necessary in order for a despotic system to survive. The Soviets have thus far been able to exploit servile populations, but the economic system which they are now implementing means that some degree of education is essential among the population to support it. This education will militate against an attitude of servility. (Khrushchev, in a recent speech, had felt it necessary to hold out hopes of shorter hours to the Soviet laboring man. This, in the view of the Secretary, indicates that there is already pressure from Soviet labor.) The Secretary continued with the opinion that Khrushchev cannot go on holding out hopes forever.

Sec. Dulles emphasized, however, that the current dangers are great. The economic growth factor must not be overlooked. In addition, a dangerous factor is the matter of personalities. Khrushchev is Ukrainian, impulsive and emotional rather than calculating, as were Molotov and Stalin. This fact increases the danger of a miscalculation on his part. In addition, we must contend with Mao, who has instituted a system of communes, almost unprecedented in its disruptive influence on the lives of people. To justify such action, Mao needs foreign justification. This takes the form of a supposed danger to China from the United States.

All this adds up to a dangerous period we are in; but the Secretary believes our policies will hold the situation while our example will have effect on the entire world. He feels that eventually the current abnormal situation will change.

(This ended the Secretary's presentation except for an informal exchange on the nature of the Mikoyan visit and the time of the President's interview.)

Defense:

General Program - Sec. McElroy opened the Department of Defense presentation by pointing out the relationship between the world situation, as Sec. Dulles had outlined it, and the responsibilities of the Department of Defense to protect our security and to support the President and the Secretary of State in their prosecution of our foreign policy.

The general basis on which the 1960 Defense budget has been planned rests on two principles: (1) deterrence of general war by the maintenance of a capability to retaliate with large weapons. This force is necessary and fundamental, and serves to ensure that limited operations, such as described by Sec. Dulles, do not spread into general war; (2) equally pressing, the capability to apply force promptly as needed in local conflict situations. These situations are always different.

He emphasized the importance of the naval forces in the Middle East and Far East situations and of land forces in the current Berlin situation.



in passing, Mr. McElroy mentioned that he had no intention of downgrading the importance of air defense and the importance of sea lanes.

Mr. McElroy then pointed out that the actual budget approach taken by DoD was based on two points of view: (1) to find programs of unquestioned essentiality and to press forward in these programs to the limit of our technical knowledge. (Here he used the example of the release of \$300 million out of \$600 million appropriated by the Congress in excess of the Administration's request for FY 1959.) (2) to examine rigorously all programs, to identify which have been overtaken and should be cut back.

Mr. McElroy then passed from the budget to the implementation of the reorganization bill, which action is nearly completed. It involved: (1) reorganization of the Joint Staff to include abolition of the executive agent system as of January 1 -- all unified commanders now report to the Joint Staff; (2) the appointment of a Director of R&D, Dr. York, a man of fine qualifications; and (3) the redrafting of volumes of papers such as "functions" papers. This process is not completed and will last until possibly February 1.

Mr. McElroy then mentioned two items of legislation which he felt will have an impact on the Congress. These are the extension of the Selective Service Act for a four-year period and the renewal of the Renegotiation Act. He admitted that there will be other legislation requested, but not of such a major nature.

Mr. McElroy then outlined the subjects subsequently to be covered by the rest of the Defense team. In response to a question by Rep. McCormack on the subject of the use made of complete authority to transfer programs within the Department of Defense, Mr. McElroy answered that it would not be possible to detect a major shift in direction, because such actions had previously been taken in this area on advice from the Department of Defense Counsel. However, the legislation passed by Congress in 1958 had clarified the problem, and the Department of Defense is moving effectively in this direction.

Force Levels - Gen. Twining outlined the force structure for FY 1960:

Army - The Army would be organized with 14 divisions (9 infantry, 3 armored, 2 airborne), organized in the pentomic pattern. Five of these divisions would be in Europe; three would be in the Pacific, with one in Hawaii and two under-strength divisions in Korea. (Of these two, 25% of the combat troops and 60% of the support troops would be Korean.) Of the remaining six divisions, located in the CONUS, the three STRAC divisions would be maintained in a high state of readiness. Gen. Twining then pointed out that the Army has other non-divisional units which raise

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not adequately appreciated by the Congress. (It allows American firms to sell text books abroad for soft currencies and subsequently exchange that currency with the USIA for dollars.)

Sen. Johnson ascertained that the USIA request would be approximately \$6 million above 1959. Sen. Fulbright voiced his hearty approval of Mr. Allen's general objective and Mr. Allen's approach to achieving it.

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The President invited further comments. When none materialized, the meeting concluded with an exchange of thank-yous between the President and Speaker Rayburn.

(Sections on the World Situation and Defense Programs reported by Major Eisenhower. Remainder reported by Minnich.)

LAM
L. A. Minnich, Jr.

Copies to:

Mrs. Whitman (2) ✓
Mr. Minnich